

# Annual Financial Statements

for

## ***Emthanjeni Local Municipality***

for the year ended 30 June: **2011**

Province:

Northern Cape

### **Contact Information:**

<b>Name of Municipal Manager:</b>	Isak Visser
<b>Name of Chief Financial Officer:</b>	Faried Manuel
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<b>Name of relevant Auditor:</b>	Auditor-General (Senior Manager: Louis Els)
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**Emthanjeni Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information**

**Members of the Council**

ST Sthonga	<b>Mayor</b>
MM Freddie	<b>Speaker</b>
WJ du Plessis	Member
AF Jaftha	Member
J Jood	Member
VG Jonas	Member
MC Kivedo	Member
M Malherbe	Member
GL Nkumbi	Member
GL Nyl	Member
HJ Rust	Member
B Swanepoel	Member
NS Thomas	Member
WA Witbooi	Member

**Municipal Manager**

I Visser

**Chief Financial Officer**

MF Manuel

**Grading of Local Authority**

Grade 2

**Auditors**

Auditor-General

**Bankers**

ABSA Bank Limited

**Emthanjeni Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information (continued)**

**Registered Office:** 45 Voortrekker Street  
De Aar  
7000

**Physical address:** 45 Voortrekker Street  
De Aar  
7000

**Postal address:** PO Box 42  
De Aar  
7000

**Telephone number:** (053) 632 9100

**Fax number:** (053) 631 0105

**Emthanjeni Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager: I Visser

31 August 2011



**EMTHANJENI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 June 2011**

	Note	2011 R	2010 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>80 334 029</b>	<b>78 984 707</b>
Inventory	2	48 630 650	49 761 759
Trade Receivables from Exchange Transactions	3	17 123 425	11 932 580
Trade Receivables from Non-Exchange Transactions	4	5 162 166	5 233 623
Cash and Cash Equivalents	5	9 160 617	11 787 663
Operating Lease Assets	6	243 733	256 286
Current Portion of Long-term Receivables from Exchange Transactions	12	13 438	12 796
<b>Non-Current Assets</b>		<b>827 280 458</b>	<b>855 832 373</b>
Property, Plant and Equipment	7	821 253 907	849 686 787
Intangible Assets	8	1 716 720	1 822 870
Investment Property	9	4 272 026	4 272 026
Non-Current Investments	11	7 678	7 211
Long-term Receivables from exchange transactions	12	30 126	43 478
<b>Total Assets</b>		<b>907 614 487</b>	<b>934 817 080</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>19 352 851</b>	<b>17 231 053</b>
Consumer Deposits	13	1 710 285	1 634 459
Provisions	14	1 091 123	922 225
Creditors	15	6 402 175	7 875 733
Unspent Conditional Grants and Receipts	16	2 325 389	3 442 784
VAT Payable	17	1 634 314	641 393
Bank Overdraft	5	4 164 578	1 728 280
Current Portion of Long-term Liabilities	18	2 024 986	986 178
<b>Non-Current Liabilities</b>		<b>38 712 519</b>	<b>25 472 313</b>
Long-term Liabilities	18	10 792 632	4 181 206
Retirement Benefit Liabilities	19	25 507 607	20 481 461
Non-current Provisions	20	2 412 280	809 646
<b>Total Liabilities</b>		<b>58 065 371</b>	<b>42 703 365</b>
<b>Total Assets and Liabilities</b>		<b>849 549 116</b>	<b>892 113 715</b>
<b>NET ASSETS</b>		<b>849 549 116</b>	<b>891 678 159</b>
Accumulated Surplus / (Deficit)	21	849 549 116	891 678 159
<b>Total Net Assets</b>		<b>849 549 116</b>	<b>891 678 159</b>

**EMTHANJENI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2011**

		Actual		Budget
	Note	2011	2010	2011
		R	R	R
<b>REVENUE</b>				
<b>Revenue from Non-exchange Transactions</b>				
Property Rates	22	26 797 500	24 783 819	29 587 503
Property Rates - Penalties imposed and collection charges		175 921	119 591	90 000
Fines		8 262 850	11 733 383	8 985 130
Licences and Permits		1 086 425	1 051 861	1 032 680
Government Grants and Subsidies Received	26	41 606 969	34 819 999	44 129 829
<b>Revenue from Exchange Transactions</b>				
Service Charges	24	70 871 065	66 082 126	71 933 468
Rental of Facilities and Equipment	25	565 603	441 080	430 351
Interest Earned - External Investments	23	903 394	909 637	647 300
Interest Earned - Outstanding Debtors	23	842 999	599 013	666 000
Dividends Received		540	633	-
Other Income	27	3 637 854	5 240 448	723 058
Other Gains on Continued Operations	36	467	256	5 000
Gains on Disposal of Property, Plant and Equipment				-
<b>Total Revenue</b>		<b>154 751 587</b>	<b>145 781 847</b>	<b>158 230 319</b>
<b>EXPENDITURE</b>				
Employee Related Costs	28	48 499 340	43 712 895	43 316 911
Remuneration of Councillors	29	3 223 142	3 076 222	3 228 072
Collection Costs		(0)	79 949	14 343 584
Depreciation and Amortisation	30	50 827 230	48 001 933	1 635 476
Impairment Losses	31	10 602 850	14 275 730	7 313 179
Repairs and Maintenance		8 767 346	8 159 685	167 344
Finance Costs	32	754 856	875 104	15 455 275
Bulk Purchases	33	26 379 586	20 419 918	27 980 920
Contracted Services		8 980 096	7 310 512	5 924 100
Grants and Subsidies Paid	34	6 008 434	6 771 276	22 957 276
General Expenses		17 867 486	14 580 687	17 016 650
Income Foregone		14 604 651	13 185 285	13 464 239
Loss on Disposal of Property, Plant and Equipment		365 613	1 627	-
<b>Total Expenditure</b>		<b>196 880 629</b>	<b>180 450 821</b>	<b>172 803 026</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(42 129 043)</b>	<b>(34 668 974)</b>	<b>(14 572 707)</b>
Refer to Appendix E(1) for explanation of budget variances				

**Emthanjeni Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2011**

Description	Accumulated Surplus / (Deficit) Account		Total for Accumulated Surplus/(Deficit) Account	Total
	Capital Replacement Reserve	Accumulated Surplus / (Deficit)		
	R	R	R	R
<b>2010</b>				
Balance at 30 June 2009	2 252 793	204 598 497	206 851 290	206 851 290
Change in Accounting Policy (Note 27)		-	-	-
Correction of Error (Note 28)		716 885 368	716 885 368	716 885 368
<b>Restated Balance</b>	<b>2 252 793</b>	<b>921 483 865</b>	<b>923 736 658</b>	<b>923 736 658</b>
Surplus / (Deficit) for the year		(34 668 974)	(34 668 974)	(34 668 974)
Net gains / (losses) not recognised in the Statement of Financial Performance		(448 475)	(448 475)	(448 475)
Prior period errors: Reversal of Provision of Rehabilitation of Landfill site		296 068	296 068	296 068
Transfer to CRR	-	2 762 882	2 762 882	2 762 882
<b>Balance at 30 June 2010</b>	<b>2 252 793</b>	<b>889 425 366</b>	<b>891 678 159</b>	<b>891 678 159</b>
<b>2011</b>				
Change in Accounting Policy (Note 35)		-	-	-
Correction of Error (Note 26)		-	-	-
<b>Restated Balance</b>	<b>2 252 793</b>	<b>889 425 366</b>	<b>891 678 159</b>	<b>891 678 159</b>
Surplus / (Deficit) for the year		(42 129 043)	(42 129 043)	(42 129 043)
<b>Balance at 30 June 2011</b>	<b>2 252 793</b>	<b>847 296 323</b>	<b>849 549 116</b>	<b>849 549 116</b>

Details on the movement of the Funds and Reserves are set out in Note 21.



**Emthanjeni Local Municipality**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2011**

	Note	2011 R	2010 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from Ratepayers, Government and Other		144 010 250	108 403 474
Cash paid to Suppliers and Employees		(133 452 308)	(83 535 629)
<b>Cash generated from / (utilised in) Operations</b>	<b>40</b>	<b>10 557 941</b>	<b>24 867 845</b>
Dividends received		540	633
Interest received	23	1 746 393	1 508 650
Interest paid	32	(754 856)	(875 104)
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>11 550 018</b>	<b>25 502 024</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(24 384 257)	(21 364 299)
Purchase of Intangible Assets	8	(51 842)	(118 330)
Purchase of Investment Property	9	-	-
Proceeds on Disposal of Property, Plant and Equipment	7	160 260	-
Proceeds on Disposal of Intangible Assets	8	-	-
Proceeds on Disposal of Investment Property	9	-	-
(Increase) / decrease in Non-current Investments	11	(467)	(256)
(Increase) / decrease in Long-term Receivables	12	12 709	19 882
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(24 263 598)</b>	<b>(21 463 003)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New Loans raised	17	9 000 000	-
Loans repaid	17	(1 349 765)	(1 474 651)
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>7 650 235</b>	<b>(1 474 651)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>(5 063 344)</b>	<b>2 564 370</b>
Cash and Cash Equivalents at the beginning of the year		10 059 383	7 495 013
Cash and Cash Equivalents at the end of the year		4 996 039	10 059 383



NAME OF THE COMPANY	ADDRESS OF THE COMPANY
ABC COMPANY	123 MAIN ST, NEW YORK, NY 10001
DEF COMPANY	456 MAIN ST, NEW YORK, NY 10001
GHI COMPANY	789 MAIN ST, NEW YORK, NY 10001
JKL COMPANY	101 MAIN ST, NEW YORK, NY 10001
MNO COMPANY	202 MAIN ST, NEW YORK, NY 10001
PQR COMPANY	303 MAIN ST, NEW YORK, NY 10001
STU COMPANY	404 MAIN ST, NEW YORK, NY 10001
VWX COMPANY	505 MAIN ST, NEW YORK, NY 10001
YZA COMPANY	606 MAIN ST, NEW YORK, NY 10001
BCD COMPANY	707 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	808 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	909 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	1010 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	1111 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	1212 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	1313 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	1414 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	1515 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	1616 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	1717 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	1818 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	1919 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	2020 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	2121 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	2222 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	2323 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	2424 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	2525 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	2626 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	2727 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	2828 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	2929 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	3030 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	3131 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	3232 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	3333 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	3434 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	3535 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	3636 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	3737 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	3838 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	3939 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	4040 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	4141 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	4242 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	4343 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	4444 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	4545 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	4646 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	4747 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	4848 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	4949 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	5050 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	5151 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	5252 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	5353 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	5454 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	5555 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	5656 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	5757 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	5858 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	5959 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	6060 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	6161 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	6262 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	6363 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	6464 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	6565 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	6666 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	6767 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	6868 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	6969 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	7070 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	7171 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	7272 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	7373 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	7474 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	7575 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	7676 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	7777 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	7878 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	7979 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	8080 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	8181 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	8282 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	8383 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	8484 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	8585 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	8686 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	8787 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	8888 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	8989 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	9090 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	9191 MAIN ST, NEW YORK, NY 10001
NOP COMPANY	9292 MAIN ST, NEW YORK, NY 10001
QRS COMPANY	9393 MAIN ST, NEW YORK, NY 10001
TUV COMPANY	9494 MAIN ST, NEW YORK, NY 10001
WXY COMPANY	9595 MAIN ST, NEW YORK, NY 10001
ZAB COMPANY	9696 MAIN ST, NEW YORK, NY 10001
ACD COMPANY	9797 MAIN ST, NEW YORK, NY 10001
EFG COMPANY	9898 MAIN ST, NEW YORK, NY 10001
HIJ COMPANY	9999 MAIN ST, NEW YORK, NY 10001
KLM COMPANY	10000 MAIN ST, NEW YORK, NY 10001

- **strongly additive**
- **subset of the class**

These conditions may also be stated in the usual  $\epsilon$ - $\delta$  form as stated at the end, with any number of  $\delta$ 's being used in the definition of  $\delta$  for each  $\epsilon$ .

Financial institutions are not subject to the same level of regulation as banks, and are not subject to the same level of supervision as banks.

### THE MEASUREMENT OF FINANCIAL RISK AND VOLATILITY

[illegible]

**Question 10**  
The probability of finding a signal in a series of 100000 is 0.00001. How many times would you have to repeat the experiment to find the signal in 100000 trials?  
a. 1000000  
b. 100000  
c. 10000  
d. 1000

**5.1.2. Results**

**Interpretation:** A continuous variable is designated as the dependent variable; however, as the independent variable, it has been treated as dichotomous, part of the treatment.

**Q 10.7 (Answer)**  
 Because the fee is in the fee schedule, it is appropriate to represent it as a diagrammatic item, not the actual dollar amount.

**Q 10.8 (Answer)**  
 Because the amount is in the fee schedule, it is appropriate to represent it as a diagrammatic item, not the actual dollar amount.

### 3.3.3 Public contribution

[illegible]

**PROJEKT: ...**

**1. Einleitung**

...

**2. Zielsetzung**

...

**3. Methodik**

...

**4. Ergebnisse**

...

**5. Diskussion**

...

**6. Fazit**

...

**7. Literaturverzeichnis**

...

**8. Anhang**

...

**9. Zusammenfassung**

...

**10. Schluss**

...





**Emthanjeni Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011**

**7. PROPERTY, PLANT AND EQUIPMENT**

**30 June 2011**

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Other	Total
	R	R	R	R
<b>Carrying values at 01 July 2010</b>	<b>220 596 834</b>	<b>617 167 963</b>	<b>11 921 990</b>	<b>849 686 787</b>
Cost	318 125 920	912 283 546	13 462 954	1 243 872 420
- Cost	318 125 920	912 283 546	13 462 954	1 243 872 420
Accumulated Impairment Losses	-	-	-	-
Accumulated Depreciation:	(87 529 085)	(295 115 583)	(1 540 964)	(394 185 633)
- Cost	(87 529 085)	(295 115 583)	(1 540 964)	(394 185 633)
- Revaluation	-	-	-	-
Acquisitions	1 374 829	12 918 794	10 090 634	24 384 257
Reversals of Impairment Losses	(1 765 894)	(238 538)	-	(2 004 432)
Depreciation:	(12 929 655)	(34 885 894)	(2 853 688)	(50 669 237)
- Based on Cost	(12 929 655)	(34 885 894)	(2 853 688)	(50 669 237)
- Based on Revaluation	-	-	-	-
Carrying value of Disposals:	-	-	(143 469)	(143 469)
- Cost	-	-	(303 026)	(303 026)
- Revaluation	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-
- Accumulated Depreciation	-	-	159 557	159 557
- Based on Cost	-	-	159 557	159 557
- Based on Revaluation	-	-	-	-
Decreases in Revaluation	-	-	-	-
Impairment Losses	-	-	-	-
Other Movements	-	-	-	-
- Cost	-	-	-	-
- Revaluation	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-
- Accumulated Depreciation	-	-	-	-
- Based on Cost	-	-	-	-
- Based on Revaluation	-	-	-	-
<b>Carrying values at 30 June 2011</b>	<b>207 276 115</b>	<b>594 962 325</b>	<b>19 015 467</b>	<b>821 253 907</b>
Cost	319 500 749	925 202 340	23 250 963	1 267 953 651
- Cost	319 500 749	925 202 340	23 250 963	1 267 953 651
Revaluation	-	-	-	-
Accumulated Impairment Losses	(1 765 894)	(238 538)	-	(2 004 432)
Accumulated Depreciation:	(110 458 740)	(330 001 477)	(4 235 095)	(444 695 313)
- Cost	(110 458 740)	(330 001 477)	(4 235 095)	(444 695 313)
- Revaluation	-	-	-	-

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**30 June 2010**

**Reconciliation of Carrying Value**

Description	Land and Buildings	Infra-structure	Other	Total
	R	R	R	R
<b>Carrying values at 01 July 2009</b>	<b>232 626 569</b>	<b>632 083 018</b>	<b>11 585 241</b>	<b>876 296 827</b>
Cost	317 285 911	893 068 266	12 153 944	1 222 508 121
- Cost	317 285 911	893 068 266	12 153 944	1 222 508 121
Accumulated Impairment Losses	-	-	-	-
Accumulated Depreciation:	(84 657 342)	(260 985 249)	(568 703)	(346 211 294)
- Cost	(84 657 342)	(260 985 249)	(568 703)	(346 211 294)
- Revaluation	-	-	-	-
Acquisitions	840 009	19 215 280	1 309 010	21 364 299
Increases in Revaluation	-	-	-	-
Reversals of Impairment Losses	-	-	-	-
Depreciation:	(12 871 743)	(34 130 335)	(972 261)	(47 974 339)
- Based on Cost	(12 871 743)	(34 130 335)	(972 261)	(47 974 339)
- Based on Revaluation	-	-	-	-
Carrying value of Disposals:	-	-	-	-
- Cost	-	-	-	-
- Revaluation	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-
- Accumulated Depreciation	-	-	-	-
- Based on Cost	-	-	-	-
- Based on Revaluation	-	-	-	-
Decreases in Revaluation	-	-	-	-
Impairment Losses	-	-	-	-
Other Movements	-	-	-	-
- Cost	-	-	-	-
- Revaluation	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-
- Accumulated Depreciation	-	-	-	-
- Based on Cost	-	-	-	-
- Based on Revaluation	-	-	-	-
<b>Carrying values at 30 June 2010</b>	<b>220 596 834</b>	<b>617 167 963</b>	<b>11 921 990</b>	<b>849 686 787</b>
Cost	318 125 920	912 283 546	13 462 954	1 243 872 420
- Cost	318 125 920	912 283 546	13 462 954	1 243 872 420
Revaluation	-	-	-	-
Accumulated Impairment Losses	-	-	-	-
Accumulated Depreciation:	(87 529 085)	(295 115 583)	(1 540 964)	(394 185 633)
- Cost	(87 529 085)	(295 115 583)	(1 540 964)	(394 185 633)
- Revaluation	-	-	-	-

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all the Property, plant and equipment in accordance with GRAP 17 for the financial years up to 30 June 2010.

The municipality has identified and measured all Property, plant and equipment in terms of GRAP 17 for the financial year ended 30 June 2011. The balances of the Property, plant and equipment have been retrospectively restated accordingly.

All infrastructure assets were valued as at 30 June 2011 using the depreciated replacement cost approach.

During the period, the municipality carried out a review of the recoverable amount of its infrastructure property, plant and equipment, having regard to its ongoing programme of modernisation and the extension of its services. These assets are used in the municipality's basic services delivery reportable segments. The review led to the recognition of an impairment loss of R2,004 million, which has been recognised in the Statement of Financial Performance. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9,00% per annum.

The leased property, plant and equipment is secured as set out in Note 18.2.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment.





Embarajeri Local Municipality  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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**Emthanjeni Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011**

**46. FINANCIAL INSTRUMENTS (Continued)**

**46.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 40 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. A credit line overdraft facility of R1 000 000 is available and is unsecured. Interest payable is linked to the prime interest rate.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>30 June 2011</b>		%	R	R	R	R		R
Non-interest Bearing			-	-	-	-	-	-
- Consumer Deposits	12	0.00%	1 710 285	1 710 285	-	-	-	-
- Creditors (excluding leave provision)	14	0.00%	2 832 994	2 832 994	-	-	-	-
Variable Interest Rate Instruments								
- ABSA Bank Ltd	17	9.70%	11 078 059	1 166 112	1 166 112	2 332 223	6 413 613	-
Fixed Interest Rate Instruments								
- DBSA (1150 563)	17	10.00%	1 110 471	111 047	111 047	222 094	666 283	-
- DBSA (1150 565)	17	9.58%	-	-	-	-	-	-
- DBSA (1150 566)	17	12.00%	4 500 920	375 077	375 077	750 153	2 250 460	750 153
			<b>21 232 729</b>	<b>6 195 514</b>	<b>1 652 235</b>	<b>3 304 471</b>	<b>9 330 356</b>	<b>750 153</b>
<b>30 June 2010</b>								
Non-interest Bearing			-	-	-	-	-	-
- Consumer Deposits	12	0.00%	1 634 459	1 634 459	-	-	-	-
- Creditors (excluding leave provision)	14	0.00%	4 840 177	4 840 177	-	-	-	-
Variable Interest Rate Instruments								
- ABSA Bank Ltd	17	9.00%	-	-	-	-	-	-
Fixed Interest Rate Instruments								
- DBSA (1150 563)	17	10.00%	1 332 565	111 047	111 047	222 094	666 283	222 094
- DBSA (1150 565)	17	9.58%	504 907	504 907	-	-	-	-
- DBSA (1150 566)	17	12.00%	5 251 073	375 077	375 077	750 153	2 250 460	1 500 307
			<b>13 563 181</b>	<b>7 465 666</b>	<b>486 124</b>	<b>972 248</b>	<b>2 916 743</b>	<b>1 722 401</b>

**46. FINANCIAL INSTRUMENTS (Continued)**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>30 June 2011</b>		%	R	R	R	R		R
Non-interest Bearing								
- Cash and Cash Equivalents		7.75%	61 373	61 373	-	-	-	-
Variable Interest Rate Instruments								
- Call Deposits		9.45%	207 286	207 286	-	-	-	-
Fixed Interest Rate Instruments								
- Fixed Deposits		9.45%	8 891 958	8 891 958	-	-	-	-
			<b>9 160 617</b>	<b>9 160 617</b>	-	-	-	-
<b>30 June 2010</b>								
Non-interest Bearing								
- Cash and Cash Equivalents		7.75%	31 239	31 239	-	-	-	-
Variable Interest Rate Instruments								
- Call Deposits		9.45%	3 446 732	3 446 732	-	-	-	-
Fixed Interest Rate Instruments								
- Fixed Deposits		9.45%	8 309 692	8 309 692	-	-	-	-
			<b>11 787 663</b>	<b>11 787 663</b>	-	-	-	-

The municipality has access to financing facilities (bank overdraft facilities), the total unused amount which is R9,268 million, at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

**46.9 Other Price Risks**

The municipality is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The municipality does not actively trade these investments.





**APPENDIX A**  
**Emthanjeni Local Municipality**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2011**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2010	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2011
	R				R	R	R	R
<b>ANNUITY LOANS</b>								
DBSA	1 809 999	10.00%	1150 563	2016/03/31	983 865	-	126 785	857 080
DBSA	4 000 000	9.58%	1150 565	2010/09/30	481 767	-	481 767	-
DBSA	4 981 693	12.00%	1150 566	2017/03/31	3 484 684	-	341 889	3 142 795
ABSA	9 000 000	9.00%	30 3336 7955	2016/03/31	-	9 000 000	348 770	8 651 230
<b>Total Annuity Loans</b>	<b>19 791 692</b>				<b>4 950 317</b>	<b>9 000 000</b>	<b>1 299 211</b>	<b>12 651 105</b>
<b>CAPITAL LEASE LIABILITIES</b>								
Canon	13 266	40.58%	1148	2010/10/31	837	-	837	-
Canon	19 162	2.00%	1149	2010/10/31	1 209	-	1 209	-
Minolta	116 308	6.12%	20161150001	2013/03/31	74 712	-	23 592	51 120
<b>Total Capital Lease Liabilities</b>	<b>148 736</b>				<b>76 758</b>	<b>-</b>	<b>25 637</b>	<b>51 120</b>
<b>TOTAL EXTERNAL LOANS</b>	<b>19 940 428</b>				<b>5 027 074</b>	<b>9 000 000</b>	<b>1 324 849</b>	<b>12 702 225</b>

**ANNUITY LOANS**

**DBSA loan (1150 563):**

Structured unsecured 20 year loan for the funding of the De Aar/Nonzwakazi Bulk & Internal Electrical Supply. Original loan capital of R1 809 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest of R111 047.

**DBSA loan (1150 565):**

Structured unsecured 5 year loan for the purchase of vehicles. Original loan capital of R4 000 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest of R504 907.

**DBSA loan (1150 566):**

Structured unsecured 20 year loan for the funding of the De Aar/Nonzwakazi Bulk & Internal Electrical Supply. Original loan capital of R4 981 693 is repayable semi-annually in fixed instalments of capital and fixed rate interest of R375 077.

**ABSA loan (30 3336 7955):**

Structured secured 5 year loan for the purchase of vehicles. Original loan capital of R9 000 000 is repayable monthly in fixed instalments of capital and fixed rate interest of R194 352.

**CAPITAL LEASE LIABILITIES**

**Canon (1148):**

Lease liability relates to IT Equipment with lease terms of 5 (2010: 5) years. The effective interest rate on finance leases is between 10,00% and 11,00% (2010: 10,00 to 11,00%). The capitalised lease liability is secured by the equipment leased over the lease term.

**Canon (1149):**

Lease liability relates to IT Equipment with lease terms of 5 (2010: 5) years. The effective interest rate on finance leases is between 10,00% and 11,00% (2010: 10,00 to 11,00%). The capitalised lease liability is secured by the equipment leased over the lease term.

**Minolta (20161150001):**

Lease liability relates to IT Equipment with lease terms of 5 (2010: 5) years. The effective interest rate on finance leases is between 10,00% and 11,00% (2010: 10,00 to 11,00%). The capitalised lease liability is secured by the equipment leased over the lease term.

**APPENDIX B**  
**Emthanjeni Local Municipality**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2011**

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	
<b>Land and Buildings</b>								
Buildings: Let-out	5 848 511	63 611	-	5 912 122	2 430 550	404 727	2 835 277	3 076 845
Carports	91 167	-	-	91 167	37 267	9 727	46 994	44 173
Cemeteries	5 994 270	705 997	-	6 700 267	2 038 052	239 771	2 277 823	4 422 444
Flats Block	-	-	-	-	-	-	-	-
Hostels: Public and Tourist	-	-	-	-	-	-	-	-
Hostels: Workers	-	-	-	-	-	-	-	-
Houses	300 000	146 971	-	446 971	102 000	14 449	116 449	330 522
Houses: Selling Schemes	104 840	12 000	-	116 840	2 135	7 789	9 925	106 915
Land	71 479 381	279 990	-	71 759 372	17 433 825	3 683 638	21 117 463	50 641 909
Office Buildings	88 590 687	56 053	-	88 646 740	24 595 683	3 627 399	28 223 082	60 423 657
Office Parks	-	-	-	-	-	-	-	-
Sports and Recreational	144 289 064	110 207	-	144 399 271	50 332 053	6 629 196	56 961 250	87 438 021
Shopping Centres	-	-	-	-	-	-	-	-
Workshops and Depots	1 428 000	-	-	1 428 000	557 520	78 851	636 371	791 629
	<b>318 125 921</b>	<b>1 374 829</b>	<b>-</b>	<b>319 500 750</b>	<b>97 529 085</b>	<b>14 695 548</b>	<b>112 224 633</b>	<b>207 276 117</b>
<b>Infrastructure</b>								
Electricity:								
Meters	2 127 738	-	-	2 127 738	756 547	173 910	930 457	1 197 281
Power Stations	8 263 327	-	-	8 263 327	2 653 511	288 165	2 941 676	5 321 651
Supply and Reticulation	65 812 750	123 171	-	65 935 921	19 224 073	2 085 782	21 309 854	44 626 067
Other								
Equipment	3 729 286	857 738	-	4 587 023	1 834 792	861 898	2 696 690	1 890 334
Roads:								
Roads: Gravel	114 413 220	146 885	-	114 560 105	45 862 486	11 530 188	57 392 673	57 167 432
Roads: Other	12 682 884	-	-	12 682 884	4 040 511	315 937	4 356 447	8 317 437
Roads: Tarmacked	375 393 427	2 155 073	-	377 548 501	116 979 637	8 087 278	125 066 915	252 481 585
Street Lighting	19 133 233	-	-	19 133 233	5 965 525	479 822	6 445 347	12 687 886
Streetname Signs	711 967	-	-	711 967	293 856	144 682	438 538	273 429
Traffic Lights	411 404	-	-	411 404	96 575	25 324	121 900	289 505
Sanitation:								
Tip Sites	4 842 529	1 602 634	-	6 445 163	12 441	139 476	151 917	6 293 246
Sewerage:								
Pumps	86 137 200	-	-	86 137 200	27 994 590	2 153 430	30 148 020	55 989 180
Purification Works	54 591 609	1 384 651	-	55 976 260	16 640 188	1 828 520	18 468 708	37 507 551
Sewers	19 670 641	-	-	19 670 641	6 414 411	659 166	7 073 577	12 597 063
Storm Water:								
Culverts	4 369 868	314 275	-	4 684 143	1 365 744	72 798	1 438 543	3 244 601
Drains	18 734 883	-	-	18 734 883	5 995 163	374 698	6 369 860	12 365 023
Open Channels	23 593	-	-	23 593	7 550	472	8 022	15 572
Water:								
Boreholes	9 002 778	-	-	9 002 778	3 171 627	470 794	3 642 421	5 360 357
Fire Hydrant	404 638	-	-	404 638	132 771	8 587	141 358	263 280
Meters	1 393 000	82 750	-	1 475 750	554 750	142 398	697 148	778 602
Pumping Stations	2 702 022	-	-	2 702 022	974 785	136 481	1 111 265	1 590 756
Reservoirs and Tanks	16 294 429	-	-	16 294 429	2 770 481	542 690	3 313 171	12 981 258
Supply and Reticulation	91 438 120	6 251 617	-	97 689 736	31 364 570	4 601 938	35 966 507	61 723 229
	<b>912 283 546</b>	<b>12 918 794</b>	<b>-</b>	<b>925 202 340</b>	<b>295 115 583</b>	<b>35 124 432</b>	<b>330 240 015</b>	<b>594 962 325</b>
<b>Other Assets</b>								
Emergency Equipment:								
Fire Equipment	74 615	-	-	74 615	169	19 551	19 720	54 895
Furniture and Fittings:								
Chairs, Tables and Desks	3 090 669	19 539	(869)	3 109 339	404 790	546 455	950 453	2 158 887
Other Furniture	135 417	-	-	135 417	22 344	23 385	45 729	89 688
Other Fittings	548 582	9 368	-	557 950	58 124	89 425	147 549	410 401
Motor Vehicles:								
Motor Cars	1 319 873	1 474 807	(187 029)	2 607 652	146 162	223 816	280 203	2 327 448
Trucks and Bakkies	1 703 143	3 429 550	(83 286)	5 049 407	168 812	235 922	364 757	4 684 650
Office Equipment:								
Air Conditioners	143 832	18 377	-	162 209	19 370	44 374	63 744	98 465
Computer Hardware	1 987 081	88 521	(20 818)	2 054 785	159 385	526 030	686 263	1 388 522
Office Machines	1 018 251	3 859	(2 202)	1 019 907	173 212	181 049	352 279	667 628
Plant and Equipment:								
Compressors	93 347	18 832	(4 382)	107 797	16 270	19 403	31 730	76 067
Fire Arms	29 440	-	-	29 440	2 650	5 299	7 949	21 491
Gardening Equipment	105 548	-	-	105 548	369	29 975	30 344	75 204
Laboratory Equipment	14 099	-	-	14 099	2 140	2 141	4 281	9 818
Medical Equipment	31 235	-	-	31 235	2 086	4 308	6 395	24 838
Meters	8 500	26 319	-	34 819	1 148	6 267	7 415	27 404
Pumps	605 268	-	-	605 268	66 730	108 948	175 678	429 590
Other Plant and Equipment	1 080 752	4 379 749	-	5 460 501	205 974	304 549	510 523	4 949 978
Radio Equipment	48 299	-	-	48 299	6 071	8 456	14 527	33 772
Security Systems	-	87 600	-	87 600	-	3 942	3 942	83 658
Telecommunication Equipment	246 613	533 167	(292)	779 488	30 995	184 495	215 278	564 210
Workshop Equipment	1 040 400	945	(4 148)	1 037 197	30 556	272 003	298 826	738 371
Other Assets:								
Advertising Boards	7 991	-	-	7 991	218	2 191	2 409	5 582
Music Instruments	130 000	-	-	130 000	23 400	11 700	35 100	94 900
	<b>13 462 954</b>	<b>10 090 634</b>	<b>(303 026)</b>	<b>23 250 563</b>	<b>1 540 964</b>	<b>2 853 688</b>	<b>4 235 095</b>	<b>19 015 467</b>
<b>Total</b>	<b>1 243 872 421</b>	<b>24 384 257</b>	<b>(303 026)</b>	<b>1 267 953 652</b>	<b>394 185 633</b>	<b>52 673 667</b>	<b>446 699 744</b>	<b>821 253 988</b>

**Emthanjeni Local Municipality**  
**ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 June 2011**

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	
<b>Investment Properties</b>								
Land	4 272 026	-	-	4 272 026	-	-	-	4 272 026
	<b>4 272 026</b>	<b>-</b>	<b>-</b>	<b>4 272 026</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 272 026</b>

**Emthanjeni Local Municipality**  
**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 June 2011**

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	
<b>Intangible Assets</b>								
Computer Software	1 850 494	51 842	-	1 902 336	27 624	157 993	185 616	1 716 720
	<b>1 850 494</b>	<b>51 842</b>	<b>-</b>	<b>1 902 336</b>	<b>27 624</b>	<b>157 993</b>	<b>185 616</b>	<b>1 716 720</b>
<b>Total Fixed Asset Register</b>	<b>1 249 994 941</b>	<b>24 436 099</b>	<b>(303 026)</b>	<b>1 274 128 014</b>	<b>394 213 256</b>	<b>52 831 660</b>	<b>446 885 360</b>	<b>827 242 655</b>

**APPENDIX C**  
**Emthanjeni Local Municipality**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 201\***

Description	Cost / Revaluation				Accumulated Depreciation / Impairment			Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R
Executive and Council	8 321 686	2 585	-	8 324 271	40 026	85 031	125 057	8 199 214
Finance and Administration	56 371 143	546 277	(98 700)	56 818 720	19 746 704	4 357 602	24 046 408	32 772 312
Planning and Development	19 292 908	45 510	-	19 338 418	28 875	78 159	107 034	19 231 384
Health	11 729 032	63 611	-	11 792 643	3 025 275	612 707	3 637 982	8 154 660
Community and Social Services	236 902 614	1 370 195	-	238 272 809	75 389 783	11 142 994	86 532 777	151 740 032
Housing	1 121 556	1 416 404	-	2 537 961	156 003	230 552	386 555	2 151 406
Other	156 802 032	4 551 019	-	161 353 050	51 049 220	4 762 710	55 811 929	105 541 121
Roads and Transport	546 343 856	2 616 234	-	548 960 089	180 646 292	21 079 543	201 725 835	347 234 254
Water	123 433 018	6 334 366	-	129 767 385	40 073 097	6 364 048	46 437 144	83 330 240
Electricity	77 498 815	123 171	-	77 621 986	23 275 845	2 785 285	26 061 130	51 560 856
Infrastructure	6 055 761	7 314 885	(204 325)	13 166 321	754 514	1 175 037	1 827 892	11 338 428
<b>Total</b>	<b>1 243 872 421</b>	<b>24 384 256</b>	<b>(303 026)</b>	<b>1 267 953 652</b>	<b>394 185 633</b>	<b>52 673 667</b>	<b>446 699 743</b>	<b>821 253 908</b>

# APPENDIX D

## Emthanjeni Local Municipality

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2011

2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)	Description	2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)
R	R	R		R	R	R
1 840 272	13 679 845	(11 839 572)	Executive and Council	1 589 354	14 905 904	(13 316 550)
24 144 975	16 573 402	7 571 573	Finance and Administration	27 226 031	19 727 601	7 498 429
541 443	4 987 727	(4 446 283)	Planning and Development	3 089 951	7 576 800	(4 486 849)
-	330 847	(330 847)	Health	249 334	216 569	32 766
730 073	4 534 164	(3 804 090)	Community and Social Services	671 407	4 049 392	(3 377 985)
5 239 395	7 775 983	(2 536 589)	Housing	1 109 127	3 240 206	(2 131 079)
11 378 371	9 583 538	1 794 833	Public Safety	8 641 232	9 012 935	(371 703)
708 583	3 256 106	(2 547 523)	Sport and Recreation	1 116 758	2 538 548	(1 421 790)
40 805 212	63 526 596	(22 721 384)	Waste Management	27 125 833	19 946 662	7 179 171
586 959	11 893 490	(11 306 531)	Roads and Transport	656 703	56 401 393	(55 744 689)
16 432 755	7 893 376	8 539 379	Water	17 135 486	8 068 199	9 067 287
43 372 210	35 521 602	7 850 607	Electricity	51 170 065	34 614 788	16 555 277
-	892 520	(892 520)	Other	-	1 611 371	(1 611 371)
<b>145 780 248</b>	<b>180 449 195</b>	<b>(34 668 947)</b>	<b>Total</b>	<b>139 781 281</b>	<b>181 910 366</b>	<b>(42 129 085)</b>

**APPENDIX E(1)**  
**Emthanjeni Local Municipality**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 June 2011**

Description	2010/2011 Actual	2010/2011 Budget	2010/2011 Variance	2010/2011 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	%	
<b>REVENUE</b>					
Property Rates	26 797 500	29 587 503	(2 790 003)	(10.41)	
Property Rates - Penalties imposed and collection charges	175 921	90 000	85 921	48.84	The increase in the outstanding debt interest relates to the high outstanding debt due to non-payment
Service Charges	70 871 065	71 933 468	(1 062 403)	(1.50)	
Rental of Facilities and Equipment	565 603	430 351	135 252	23.91	Encroachment was under estimated
Interest Earned - External investments	903 394	647 300	256 094	28.35	During the year Emthanjeni invest in call accounts for money received but that was not committed within 30 days.
Interest Earned - Outstanding debtors	842 999	666 000	176 999	21.00	The increase in the outstanding debt interest relates to the high outstanding debt due to non-payment
Dividend Income	540	-	540	100.00	Investment was unknown in the previous years.
Other Gains on Continued Operations	467	-	467	100.00	Investment was unknown in the previous years.
Fines	8 262 850	8 985 130	(722 280)	(8.74)	
Licences and Permits	1 086 425	1 032 680	53 745	4.95	
Government Grants and Subsidies	41 606 969	44 129 829	(2 522 860)	(6.06)	Difference relates to prior year correction due to incorrect classification.
Other Income	3 637 854	723 058	2 914 796	80.12	Prepaid sales increase because on conversions from conventional meters to prepaid. The VAT on MIG projects that has been recorded as income.
<b>Total Revenue</b>	<b>154 751 587</b>	<b>158 225 319</b>	<b>(3 473 732)</b>	<b>(2.20)</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	48 499 340	43 316 911	5 182 429	10.69	Interest on the Post Retirement Benefits.
Remuneration of Councillors	3 223 142	3 228 072	(4 930)	(0.15)	
Collection Costs	(0)	167 344	(167 344)	836 720 099.98	No collection services were contracted.
Depreciation	50 827 230	14 343 584	36 483 646	71.78	The over commitment was mainly due to the measurement of PPE.
Impairment Losses	10 602 850	7 313 179	3 289 671	31.03	Increase due to non-payment of debtors accounts. See also the Interest on Outstanding Debtors.
Repairs and Maintenance	8 767 346	15 380 275	(6 612 929)	(75.43)	Part of the Ward Projects lead to the extension of the assets and we also receive a lot of rain that stifled the maintenance of the buildings. Big amounts has been capitalized due to the extension of the useful lives of assets.
Interest Paid	754 856	1 635 476	(880 620)	(116.66)	DBSA loan repaid during the year.
Bulk Purchases	26 379 586	27 980 920	(1 601 334)	(6.07)	
Contracted Services	8 980 096	7 169 100	1 810 996	20.17	TVS commission was under estimated, more revenue was received during the financial year.
Grants and Subsidies Paid	6 008 434	20 188 376	(14 179 942)	(236.00)	Difference relates to incorrect classification.
General Expenses	17 867 486	18 600 550	(733 064)	(4.10)	
Income foregone	14 604 651	13 464 239	1 140 412	7.81	The income from agricultural levies was over estimated due to rebates
Loss on disposal of Property, Plant and Equipment	365 613	(5 000)	370 613	101.37	Auction that was held for the disposal of Moveable Assets
<b>Total Expenditure</b>	<b>196 880 629</b>	<b>172 783 026</b>	<b>24 097 603</b>	<b>13.95</b>	
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(42 129 043)</b>	<b>(14 557 707)</b>	<b>(27 571 336)</b>	<b>(189.39)</b>	

## APPENDIX E(2)

### Emthanjeni Local Municipality

#### ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 June 2011

Description	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Total Additions	Budget	Variance	Variance	
	R	R	R	R	%	
Executive and Council	2 585	2 585	120 000	(117 415)	(97.85)	Capital expenditure has been categorised correctly. See Community and Social Services
Finance and Administration	546 277	546 277	1 352 900	(806 623)	(59.62)	More expenditure were allocated against Repair and Maintenance
Planning and Development	45 510	45 510	9 580 900	(9 535 390)	(99.52)	All MIG capital Expenditure has realised. See Infrastructure below
Health	63 611	63 611	18 000	45 611	253.39	See comment of Community and Social Services
Community and Social Services	1 370 195	1 370 195	110 000	1 260 195	1 145.63	Overspending is a result of correct categorisation
Housing	1 416 404	1 416 404	-	1 416 404	100.00	Electrification of Sub economical houses has been completed, Hence Electricity budget vote was incorrectly allocated
Public Safety	-	-	250 000	(250 000)	(100.00)	See comment of Other
Sport and Recreation	-	-	1 324 367	(1 324 367)	(100.00)	See comment of Other
Other	4 551 019	4 551 019	-	4 551 019	100.00	Lotto funding and other capital expenditure were classified under "Other"
Roads and Transport	2 616 234	2 616 234	3 019 380	(403 146)	(13.35)	Weather conditions lead to the underspending. More Repair and maintenance were performed
Waste Management	-	-	46 492	(46 492)	(100.00)	
Water	6 334 366	6 334 366	315 000	6 019 366	1 910.91	See Planning and Development comment
Electricity	123 171	123 171	1 340 000	(1 216 829)	(90.81)	See Planning and Development comment. Existing Prepaid meters were replaced without new connections
Infrastructure	7 314 885	14 629 769	-	14 629 769	100.00	See Planning and Development comment
<b>Total</b>	<b>24 384 256</b>	<b>31 699 141</b>	<b>17 477 039</b>	<b>14 222 102</b>	<b>81.38</b>	

**APPENDIX F**  
**Emthanjeni Local Municipality**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies Received**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June				
FMG	Nat Treasury	-	1 200 000	-	-	-	-	300 000	300 000	300 000	300 000	None	N/A	Yes	N/A
MIG Projects	MIG	-	2 500 000	-	7 070 000	-	-	816 846	285 164	2 740 822	5 757 645	None	N/A	Yes	N/A
Health - Clinics	Province	-	-	-	-	-	-	-	-	-	-	None	N/A	Yes	N/A
Equitable Share	Nat Treasury	-	11 674 359	9 337 087	7 002 816	-	-	11 674 359	9 337 087	7 002 816	-	None	N/A	Yes	N/A
DLGH	Province	-	-	-	510 000	-	11 134	558 167	645 467	558 674	400 867	None	N/A	Yes	N/A
Local District Municipality	LDM	-	-	-	-	-	-	-	-	-	-	None	N/A	Yes	N/A
Electrification Project	DME	540 000	-	-	-	-	-	-	-	-	540 000	None	N/A	Yes	N/A
MSP & MSIG	Province	-	750 000	-	-	-	-	207 132	163 452	492 310	754 632	None	N/A	Yes	N/A
Sport & Recreation	Province	-	-	440 000	-	-	-	64 488	53 507	156 058	165 947	None	N/A	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>540 000</b>	<b>16 124 359</b>	<b>9 777 087</b>	<b>14 582 816</b>	<b>-</b>	<b>11 134</b>	<b>13 620 992</b>	<b>10 784 677</b>	<b>11 250 680</b>	<b>7 919 091</b>				